

Global Cord Blood Corporation (In Provisional  
Liquidation) (the Company)  
Cause No. FSD 108 of 2022 (IKJ)

**Seventh Report**

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# Contents

1	Basis of Report	2
2	Disclaimer	3
3	Defined Terms	4
4	Executive Summary	7
5	Actions taken by the JPLs since the Sixth Report	9
6	Funding and costs to 31 December 2023	16
7	Next steps	18
	Appendix A – Chronology of Key Events	19

# 1 Basis of Report

## 1.1 Basis of Report

- 1.1.1 This report is to be used for the purpose of informing the Court and stakeholders of the progress made in the provisional liquidation of the Company, in accordance with the requirements of paragraph 12 of the Order dated 22 September 2022. Pursuant to the Court's previous direction, notice of this report will be published as a 6-K with the SEC.
- 1.1.2 This report has been prepared using the information available to the JPLs, being Margot MacInnis, John Royle and Chow Tsz Nga Georgia up to 25 February 2024. The JPLs have relied upon information that is available to them and recognise that this information may be incomplete and that they await third party verification. Accordingly, the JPLs consider there will be further developments in their investigations of the Company's affairs which will be incorporated in the JPLs subsequent reports to the Court.
- 1.1.3 This report should be read in conjunction with all six previous reports published. This report sets out the progress of the liquidation for the period 25 November 2023 to 25 February 2024.

# 2 Disclaimer

## 2.1 Disclaimer

- 2.1.1 The JPLs' investigations are continuing. Some matters being investigated are confidential and commercially sensitive. There are also ongoing proceedings which are subject to disclosure rules and codes of conduct in the relevant jurisdictions. Accordingly, consistent with the JPLs' approach to date, this report does not contain commercially sensitive or confidential information that could prejudice the outcome of the Provisional Liquidation or any proceedings. In a similar vein, the JPLs are not able to disclose the full results of their investigations to date.
- 2.1.2 In the event that this report is used for any purpose other than in accordance with its statutory purpose of informing the Court or in accordance with the JPLs' obligations under the Order, any party relying on this report does so entirely at their own risk and shall have no right of recourse against the JPLs, any GT entities, their partners, employees, professional advisors or agents.
- 2.1.3 None of the JPLs, GT, their partners, employees, professional advisors or agents accept any liability or assume any duty of care to any third party (whether it is an assignee or successor of another third party or otherwise) in respect of this report and any such party who receives a copy of this report whether from GT or any other source shall have no right of recourse against GT, their partners, employees, professional advisors or agents.
- 2.1.4 In preparing this report, the JPLs have relied upon information available to them and have not performed an audit examination on this information. Except where specifically stated, the JPLs have been unable to establish the reliability of the sources of information presented to them by reference to independent evidence.
- 2.1.5 The JPLs' report does not cover valuation advice or related valuation services and no party should seek to rely on any comments by the JPLs in relation to the value of the assets of the Company.
- 2.1.6 Nothing in this report is intended to waive legal privilege in respect of any matter referred to herein, and privilege is not being waived.
- 2.1.7 "Grant Thornton" refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.
- 2.1.8 Grant Thornton Specialist Services (Cayman) Limited and Grant Thornton Recovery & Reorganisation Limited are member firms of Grant Thornton International Ltd ("GTIL"). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

# 3 Defined Terms

## 3.1 Defined Terms

<b>Additional Directors</b>	Zhai Lingyun, Liu Guojun, Wang Yang, Liu Shian, Michael Steven Weiss (the “June EGM Directors”); and Xu Ping (together with the EGM Directors - the “Additional Directors”)	<b>CISIL</b>	China In Shine Investment Limited, one of the defendants to the HK Proceedings
<b>Albert Chen or AC</b>	Albert Chuen Bing Chen, former Chief Financial Officer of the Company	<b>Cordlife</b>	Cordlife Group Limited, a listed company registered in Singapore and indirectly owned by GCBC
<b>BVI</b>	British Virgin Islands	<b>Court</b>	The Grand Court of the Cayman Islands
<b>BVI Proceedings</b>	Proceedings in the BVI in which the Petitioner (and its associates) filed proceedings against GMSC and in which GMSC claims, <i>inter alia</i> that the Petitioner’s shares in GCBC are subject to a share charge dated 30 March 2018 and that accordingly beneficial ownership of the Petitioner’s shares in GCBC have passed to GMSC	<b>CSC Holdings</b>	China Stem Cells Holdings Limited – incorporated in the Cayman Islands
<b>Cayman Share Charge</b>	Shares in the Company which are subject to an alleged share charge dated 30 March 2018	<b>EGM Injunction</b>	Injunction to prevent resolutions passed on 16 June 2022 at an extra-ordinary meeting of shareholders voting against the Cellenkos Transaction and for the resignation of the Former Board and appointment of a new board of directors.
<b>Cellenkos</b>	Cellenkos Inc – registered in Delaware, specialises in stem cell therapy and was the target entity in the 29 April 2022 Cellenkos Transaction	<b>Enjoined HK Directors</b>	Albert Chen and/or Tina Zheng and/or Notake Minori and/or Sonoe Muramatsu
<b>Cellenkos Transaction</b>	On 29 April 2022 the Board approved a multi-step transaction whereby the Company would acquire 100% of the equity in Cellenkos and the rights to develop and commercialise certain of Cellenkos’ existing and future products worldwide on 29 April 2022. This was purportedly in exchange for consideration of, <i>inter alia</i> , 114 million shares in the Company and US\$664 million cash	<b>Fifth Report</b>	Fifth Report prepared by the JPLs, submitted to the Court on 1 September 2023 and published on GCBC’s website.
		<b>First Report</b>	First Report prepared by the JPLs, submitted to the Court on 20 October 2022 and published on GCBC’s website
		<b>Former Board</b>	The Company’s former board of directors consisting of Mark D. Chen, Albert Chuen Bing Chen, Jacky Cheng, Jack Chow, Ken Yungang Lu, Jennifer J. Weng, Xu Ping, Ting Zheng (information from general registry of the Cayman Islands)

<b>Fourth Report</b>	Fourth Report prepared by the JPLs, submitted to the Court on 1 June 2023 and published on GCBC's website	<b>HK Registrar</b>	The HK Companies Registry of 14th Floor, High Block, Queensway Government Offices, 66 Queensway, Admiralty, Hong Kong
<b>GCBC or the Company</b>	Global Cord Blood Corporation (In Provisional Liquidation)	<b>HK Subsidiaries</b>	GCBC's indirectly owned HK subsidiaries, the majority of which are currently party to the HK Proceedings
<b>GMSC</b>	Golden Meditech Stem Cells (BVI) Company Limited, registered in the BVI. It sold its shareholding in GCBC to the shareholder of the Petitioner on 30 December 2016	<b>INEDs</b>	The former Independent Non-Executive Directors (of GCBC)
<b>GP</b>	Cellenkos GP Limited – registered in the BVI, and acts as general partner of Cellenkos Holdings LP	<b>JPLs</b>	Margot MacInnis, John Royle and Chow Tsz Nga Georgia, the Joint Provisional Liquidators of GCBC
<b>Group</b>	The Company and its subsidiaries including, <i>inter alia</i> , the HK Subsidiaries and the PRC Subsidiaries	<b>Litigation Steering Committee or LSC</b>	The Litigation Steering Committee is made up of Ting Zheng, Albert Chen, Mark Chen, Ken Lu, Jennifer Weng, Jacky Cheng, Jack Chow and excludes Xu Ping
<b>GT</b>	Grant Thornton (a collective term for both Grant Thornton Recovery & Reorganisation Limited and Grant Thornton Specialist Services (Cayman) Limited)	<b>Maxcess</b>	Maxcess Finance Limited, registered as a private limited company in HK with Money Lender's License Number 0640/2022
<b>GT Directors</b>	Sandipan Bhowmik, Denny Tse, and Nigel Trayers, all employees of Grant Thornton and appointed as directors of the Company on 16 February 2023.	<b>New LSC</b>	Zhai Lingyun, Michael Steven Weiss and Wang Yang with Zhai Lingyun appointed as Chairperson.
<b>GTSS</b>	Grant Thornton Specialist Services (Cayman) Limited	<b>Notake Minori or Notake</b>	Notake Minori, believed to be a resident of Japan, purportedly appointed to the boards of CSC Holdings, Stem South (BVI), and the HK Subsidiaries.
<b>HK</b>	Hong Kong	<b>NYSE</b>	New York Stock Exchange
<b>HK Court</b>	The High Court of the Hong Kong Special Administrative Region	<b>Petitioner</b>	Blue Ocean Structure Investment Company Ltd – incorporated in the British Virgin Islands and also the petitioner who placed the Company into provisional liquidation. Holds an interest of c. 65.4% in GCBC
<b>HK Proceedings</b>	The legal proceedings initiated by the JPLs in HK regarding the HK Subsidiaries as previously outlined in the Second Report		

<b>PIML</b>	Prime Intelligent Management Limited, purported corporate secretary of the HK Subsidiaries.		orders, <i>inter alia</i> , that the Order be varied to include a penal notice that would be triggered in the event of further non-cooperation from the Former Board
<b>PRC</b>	People's Republic of China		
<b>PRC Subsidiaries</b>	GCBC's indirectly owned, operating PRC subsidiaries	<b>Yuen Kam</b>	The former Chairman and Executive Director of the Company
<b>Second Report</b>	Second report prepared by the JPLs, submitted to the Court on 1 December 2022 and published on GCBC's website		
<b>Set-Aside Summons</b>	Petitioner's summons which seeks to have the 29 July 2022 Judgment in the Petition Proceedings set aside on the grounds that it was procured by fraud		
<b>SMOH</b>	The Singapore Ministry of Health		
<b>Sixth Report</b>	Sixth report prepared by the JPLs, submitted to the Court on 1 December 2023 and published on GCBC's website		
<b>Sonoe Muramatsu or Sonoe</b>	Sonoe Muramatsu, believe to be a resident of Japan, purportedly appointed to the boards of the HK Subsidiaries		
<b>Stem South (BVI)</b>	China Stem Cells (South) Company Limited – incorporated in the British Virgin Islands		
<b>Third Report</b>	Third report prepared by the JPLs, submitted to the Court on 1 March 2023 and published on GCBC's website		
<b>Ting or Tina Zheng or TZ</b>	Former Chairperson and Executive Director of GCBC (as well as director of GMHL until 24 May 2019)		
<b>Varied Order</b>	Order effective 20 February 2023 resulting from the JPLs' application to the Cayman Court by summons dated 16 January 2023 for		

# 4 Executive Summary

## 4.1 Summary

4.1.1 Since the Sixth Report, the JPLs have continued to take steps to take control of the Group and prevent asset dissipation. Securing and protecting the Group's operating businesses in the PRC and preventing the dissipation of the HK Subsidiaries remains an urgent and important priority for the JPLs and their counsel.

4.1.2 The JPLs have taken steps to defend and protect the Company against attempts to remove assets from the structure by (amongst other matters):

- i. Obtaining a successful judgment in the HK Proceedings thereby confirming the invalidity of the purported share allotments and purported share transfers in relation to the HK Subsidiaries, so that the JPLs' undisputed control of the HK Subsidiaries can be established (including with the HK Registrar) and further steps can be taken to prevent further disruption from the Enjoined HK Directors at the HK Subsidiaries level.
- ii. Continuing efforts to take control of and safeguard the operating business and assets of the PRC Subsidiaries and pursuing actions in a number of provinces: and
- iii. Continuing their investigation of the validity of the winding-up petitions issued by Maxcess against Stem South (BVI) and CSC Holdings and formulating a defence in respect to the same (petitions to now be heard on 15 April 2024).

## 4.2 Next Steps

4.2.1 The JPLs will continue to investigate and/ or progress litigation against the Enjoined HK Directors, Yuen Kam, and the Former Board (excluding Xu Ping) in order to protect and preserve the Group's assets. However, to do so, the JPLs require access to further funding.

4.2.2 The lack of funds has put significant pressure on the JPLs and the JPLs' service providers to undertake the work necessary to obtain control and secure the assets of the Company and preserve value to its stakeholders. With the benefit of further funding the JPLs will continue to (amongst other matters):

- i. Obtain control of the PRC Subsidiaries and preserve the value of the Group and identify and locate any institutions and/or individuals that may have precipitated any concealment, misappropriation and/or dilution of assets;
- ii. Obtain such disclosure as necessary to trace the whereabouts of any assets transferred or paid away from the Company;
- iii. Identify, locate and secure, all assets of the Group and take appropriate steps for cooperation in multiple jurisdictions with a view to secure and compel production of documents and protection of assets; and
- iv. Investigate and, where appropriate, bring proceedings against any individual or entity to aid the recovery of the Company's assets.

4.2.3 In light of the above, the JPLs are in discussions with several parties who provide litigation and/or liquidation financing, as well as the Company's stakeholders, in order to seek funding for the liquidation. Any funding proposal which is acceptable to the JPLs will be the subject of an application to obtain sanction from the Court.

4.2.4 The JPLs are also preparing a remuneration application to seek the Court's approval for the JPLs' fees and disbursements for the period 22 September 2022 to 30 September 2023. Pursuant to the Companies Winding Up Rules (as Revised) O.8, r.2, a meeting of the Contributories of the Company will



first be convened to vote on the approval of these fees and the JPLs' proposed terms of remuneration. Notice of the meeting will be circulated by 6-K in due course.

# 5 Actions taken by the JPLs since the Sixth Report

## 5.1 Books and Records

- 5.1.1 The JPLs have continued their efforts to acquire the Company's books and records. However, for the reasons previously highlighted in the Fourth and Fifth Reports, the position remains largely unchanged.

## 5.2 Assets

- 5.2.1 To date the JPLs have identified the following assets:

### Bank Accounts

- i. Bank accounts for GCBC with a total balance of c.US\$218k; and
- ii. Bank accounts for subsidiaries of GCBC with a total balance of c. US\$168k (excluding known balances of PRC Subsidiaries), US\$155k of which has been secured.

### Retainer Refunds

- 5.2.2 The JPLs have received a refund of retainer from former Cayman Islands counsel to the Company netting approximately c.US\$246k.
- 5.2.3 This is in addition to the net funds received previously from former Cayman counsel to the Company of approximately US\$271k (see §5.2.2 of the Second Report).

### Insurance Refund

- 5.2.4 As previously reported, the JPLs have cancelled the Director's & Officer's insurance taken out by the Company prior to the appointment of the JPLs. To date, c.US\$323k of the total c.US\$477k to be refunded has been recovered.

### Refundable Earnest Deposit

- 5.2.5 The position regarding the Refundable Earnest Deposit as outlined in the Fourth Report remains unchanged.

### Cordlife

- 5.2.6 Please refer to §5.6.5 of this report for further details regarding the JPLs' activities in respect of Cordlife.

### Cost Awards

- 5.2.7 The JPLs received HK\$35,000 from the HK legal representatives of Maxcess as settlement of cost orders made by Master Phoebe Man on 5<sup>th</sup> of July 2023.
- 5.2.8 On 7<sup>th</sup> of August 2023, the sum of HK\$390,000 was paid by Tina Zheng's HK legal representatives to settle cost orders dated 12 and 30 May 2023 respectively in respect to actions No.1407 of 2022 and No.1408 of 2022.
- 5.2.9 On 19<sup>th</sup> September 2023, the sum of HK\$440,000 was paid by Albert Chen's HK legal representatives to settle cost orders dated 12 and 30 May 2023 respectively. As such, the garnishee orders filed on 29 August 2023 in the HK Proceedings were withdrawn on 29<sup>th</sup> of September 2023.
- 5.2.10 In total, the JPLs received cost awards of HK\$865,000 (i.e. c. US\$111k). In each instance, the cost awards received were used to settle in part outstanding legal costs incurred in these proceedings.
- 5.2.11 Following the handing down of the HK Judgment, the JPLs are preparing cost awards against Albert, Tina, PIML as well as CISIL, MS, and Notake. These sums are yet to be agreed and assessed. Further details can be found at §5.7.5 of this report.

## 5.3 Liabilities

- 5.3.1 To date, the JPLs have been notified of amounts claimed to be owed by the Company in the amount of c. US\$1,154,703. The principal amount has increased by US\$90,120 since the Sixth Report.
- 5.3.2 A number of proofs of debts have been submitted and the JPLs are taking steps to notify any creditors to provide information about amounts that may be owed to them and to provide proofs of debts in respect of any such claims. The JPLs are also investigating the financials of the Company including any liabilities owed. The JPLs have established a liquidation website and the forms will also be available on that platform: <https://www.grantthornton.ca/en/service/advisory/creditor-updates/#Global-Cord-Blood-Corporation>.

## 5.4 Control of GCBC's Corporate Structure

- 5.4.1 Since their appointment, the JPLs have taken (and are continuing to take) the steps needed to take control of GCBC's corporate structure via its subsidiaries, including in the Cayman Islands, the BVI, HK, and the PRC.

## 5.5 Cayman Islands

### **AC, TZ and the JPL's Disclosure Order**

- 5.5.1 As of the date of this report, AC's 9 May 2023 summons to set-aside the JPL's Disclosure Order and certain parts of the Varied Order has not progressed, AC and TZ have failed to provide books and records or answers to the written question to the JPLs.

### **The INEDs and the JPLs' Disclosure Order**

- 5.5.2 The JPLs have written to the INEDs in respect to the 60 outstanding written responses.
- 5.5.3 On 2 October 2023, the INEDs wrote to the JPLs to inform them they had instructed Cayman Counsel to consider the JPLs' Disclosure Order and that they were currently reviewing both the outstanding written questions and other information requests. The JPLs responded pressing for answers to the written questions which remain unanswered. As of the date of this report the JPLs have yet to receive a response.

### **Petitioner's Application to set aside the 29 July 2022 Judgment (Set-Aside Summons)**

- 5.5.4 On 8 September 2023, Justice Kawaley perfected an order that the injunction to prevent the consummation of the Cellenkos Transaction be continued; and the EGM Injunction be discharged and delivered his reasons for this decision (the "Set-Aside Judgment").
- 5.5.5 The LSC did not apply for leave to appeal and a stay ahead of the finalised Set-Aside Judgment being handed down and order being finalised.

### **The LSC and Board of Directors following the Set-Aside Judgment**

- 5.5.6 On 6 November 2023, the board of directors of GCBC passed resolutions which, amongst other things, reconstituted the membership of the LSC. Zhai Lingyun, Michael Weiss and Wang Yang were appointed as members of the LSC and the LSC's former members were removed.

### **Fee Application**

- 5.5.7 The JPLs are preparing a remuneration application to seek the Court's approval for the JPLs' fees and disbursements for the period 22 September 2022 to 30 September 2023.

- 5.5.8 Pursuant to the Companies Winding Up Rules (as Revised) O.8, r.2, a meeting of the Contributories of the Company will first be convened, to be held at the offices of GTSS and via web-based video conference.
- 5.5.9 The business of the meeting will be to seek the approval of: (i) the JPLs' proposed terms of remuneration; and (ii) the JPLs' remuneration and disbursements for the period 22 September 2022 to 30 September 2023.
- 5.5.10 The JPLs intend to circulate a 6-K giving notice of the meeting and further details of how contributories can attend and vote at the meeting in due course. The notice will be accompanied a report containing all the information reasonably required to enable the Company in meeting to make an informed decision about the reasonableness of the remuneration for which approval is being sought.

## 5.6 BVI

### **BVI Proceedings in respect to the Share Charge**

- 5.6.1 An order formally recording the decision to grant summary judgment has been perfected. As explained in our Sixth Report, a copy of the finalised order has been made publicly available.
- 5.6.2 The JPLs understand that an appeal by the defendants of the BVI Proceedings has been made and is expected to be heard on 20 May 2024.
- Cellenkos Holdings L.P.**
- 5.6.3 The JPLs have received correspondence from the partnership's registered agent regarding, *inter alia*, their intention to resign as registered agent by filing a Statement of Resignation of Registered Agent form with the Secretary of State in Delaware.

- 5.6.4 Within this correspondence, it was also confirmed that the partnership would need to file for the appointment of a new registered agent to avoid administrative dissolution or revocation.
- 5.6.5 Upon further reflection by the JPLs, it has been determined that undertaking further efforts to maintain the partnership's good standing would be redundant and/or uncommercial at this time. As a result, a new registered agent has not been appointed by the GP.
- 5.6.6 Should it be deemed necessary for the partnership to be reinstated at any point in the future, it is understood that this option will be available to the JPLs given they will continue to control the GP.

### **Cordlife**

- 5.6.7 Since the Sixth Report, the SMOH has announced an investigation into Cordlife and issued notice for Cordlife to stop (for a period of up to 6 months) the collection, testing, processing and/or storage of any new cord blood and human tissues. The freeze is expected to be lifted on or before 30 May 2024.
- 5.6.8 According to the SMOH's official press release, a complaint was received on 24 July 2023 by a member of the public alleging that cord blood units stored in a tank by Cordlife had been exposed to temperatures above acceptable limits, as well as other service quality issues. SMOH subsequently conducted unannounced audits on Cordlife whereupon various operational issues were identified.
- 5.6.9 The SMOH's official press release can be observed at the following link: <https://www.moh.gov.sg/news-highlights/details/investigation-of-cordlife-group-limited-for-suboptimal-storage-temperature-for-cryopreserved-cord-blood>.

5.6.10 The current Cordlife share price is currently trading below historical average. The shares are trading at SGD 0.28 per share as of 23 February 2024, which brings the value at an estimate of c. US\$5.3 million<sup>1</sup>.

## 5.7 HK

5.7.1 A chronology which includes details of the steps taken in HK and/or events concerning the HK Subsidiaries since the Sixth Report is set out below for ease of reference at Appendix A.

### HK Proceedings: Judgment

5.7.2 Following the trial in the HK Proceedings which was outlined in the Sixth Report, on 8 February 2024, the HK Court issued its judgment in the HK Proceedings which is available to view at the following link: [legalref.judiciary.hk/lrs/common/ju/loadPdf.jsp?url=https://legalref.judiciary.hk/doc/judg/word/vetted/other/en/2022/HCA001407\\_2022.docx&mobile=N](https://legalref.judiciary.hk/lrs/common/ju/loadPdf.jsp?url=https://legalref.judiciary.hk/doc/judg/word/vetted/other/en/2022/HCA001407_2022.docx&mobile=N)

5.7.3 A summary of the HK Court's findings is outlined below:

5.7.4 **Issue 1:** The documents purporting to transfer the HK Subsidiaries shares to CISIL and subsequently to Sonoe ("**Transfer Documents**") were created on or after 29 September 2022 and were backdated to 12 or 13 September 2022 and, therefore, are void for want of authority;

5.7.5 **Issue 2:** Even if (contrary to the HK Court's view) the Transfer Documents were created before 13 September 2022, the initial transfers to CISIL were procured by TZ and AC in breach of their fiduciary duties and, therefore, are voidable;

5.7.6 **Issue 3:** CISIL and Sonoe knew that Transfer were backdated and void for want of authority, and that the first transfer(s) to CISIL were made by TZ and AC in breach of their fiduciary duties (and are thus voidable);

5.7.7 **Issue 4:** The resolution(s) purporting to allot further shares in the HK Subsidiaries to Notake were created on or after 29 September 2022 and were backdated to 13 September 2022 and, therefore, are void for want of authority;

5.7.8 **Issue 5:** Even if (contrary to the HK Court's view) the allotment resolutions were created on or before 13 September 2022, the allotments were procured by Sonoe for the improper purpose of diluting the Company's (indirect) shareholdings in the HK Subsidiaries and, therefore, are voidable;

5.7.9 **Issue 6:** The appointment resolutions purporting to appoint Sonoe and Notake as directors of the HK Subsidiaries and PIML as their company secretary were created on or after 29 September 2022 and were backdated to 13 September 2022 and, therefore, are void for want of authority; and

5.7.10 **Issue 7:** Even if (contrary to the HK Court's view) the appointment resolutions were made on or before 13 September 2022, they were procured by TZ, AC, and Sonoe for an improper purpose and, therefore, are voidable.

5.7.11 The HK Court was highly critical of each the defendants' witnesses when cross-examined and saw fit to reject the majority of their assertions on the basis that they were highly contradictory, evasive, and/or clearly incredible.

5.7.12 As for costs, the HK Court saw fit to make an order *nisi* that:

- i. CISIL, MS, and Notake are obliged to pay 20% of the costs of and occasioned by the HK Proceedings, including all costs reserved to the

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<sup>1</sup> GCBC indirectly own 25,516,666 Cordlife shares.

JPLs, to be taxed on a common fund basis and with certificate for 3 counsel; and

- ii. TZ, AC, and PIML are obliged to pay 80% of the costs of and occasioned by the HK Proceedings, including all costs reserved to the JPLs, to be taxed on an indemnity basis and with certificate for 3 counsel.

5.7.13 The HK Court remarked that given the serious nature of the defendants' actions in backdating documents, their incredible and unreliable evidence produced and the breach of fiduciary duties on AC and TZ's part – costs orders would be made on a higher scale.

#### **HK Proceedings: Next Steps**

- 5.7.14 In view of the HK Court's findings in the HK Proceedings, the HK Court has directed that the parties submit a draft order setting out the terms of the order which the parties are able to agree, and identify the differences between the parties to the extent that they are not able to agree. This is currently being addressed by the JPLs and their legal representatives.<sup>2</sup>
- 5.7.15 In parallel, the JPLs are also considering any steps that may be required to formally enforce the cost orders made against the various defendants of the HK Proceedings.
- 5.7.16 The JPLs have also commenced separate sets of actions against the HK Companies Registry for, inter alia, the removal of the unauthorised filings made for the HK Subsidiaries.
- 5.7.17 The JPLs have also published a 6-K on the SEC platform to announce the HK Proceedings judgment, which was filed on 12 February 2024.

#### **Maxcess**

- 5.7.10 As outlined in the Sixth Report, it has been confirmed that the substantive hearing for the Maxcess winding-up petitions will now take place on 15 April 2024.
- 5.7.11 On 27 December 2023, Maxcess filed further affidavits with the HK Court for the purposes of responding to the JPLs' latest filings concerning (*inter alia*) various processes conducted by Maxcess in regard to the loans.
- 5.7.12 In any case, the JPLs are continuing to work alongside their legal representatives to prepare for the Maxcess winding-up petitions and, should there be any other substantive updates regarding the petitions, the JPLs will announce the same and/or provide further details in their next quarterly report.

## **5.8 PRC**

- 5.8.1 The JPLs, in conjunction with their legal counsel, are continuing to progress their efforts to take control of and safeguard the operating business and assets of the PRC Subsidiaries, as well as allow the business to continue to operate with as little interruption as possible.
- 5.8.2 The JPLs are pursuing claims in a number of provinces to obtain control of the PRC Subsidiaries and are continuing to progress their efforts to pursue claims to safeguard the assets of PRC Subsidiaries.
- 5.8.3 Any and all claims regarding control of the PRC Subsidiaries are likely dependent on the outcome(s) of the Maxcess winding-up petitions.

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<sup>2</sup> Note that following the cut-off date of this report, on the 7<sup>th</sup> of March 2024, TZ, AC and PIML submitted notices of appeal of the HK Judgement to the JPLs and the HK Court.

## 5.9 US

### NYSE

- 5.9.1 As at the date of this report, the Company continues to be delisted from the NYSE. However, the JPLs have continued to comply with regulatory requirements by issuing 6-Ks on the SEC platform where appropriate.

### Section 1782 Proceedings

- 5.9.2 As detailed in the Sixth Report, the Petitioner has also historically filed an application under title 28 of the United States Code (Section 1782) for a subpoena against Cellenkos and a variety of parties connected to the Cellenkos Transaction.
- 5.9.3 Currently, the JPLs aren't in a position to take any further steps in respect of that proceeding.

### Derivative Shareholder Complaint

- 5.9.4 Since the Sixth Report, there have been no further substantive updates regarding the derivative claim that was filed against the Company and various members of its former management.
- 5.9.5 The JPLs will continue to monitor this derivative claim for any significant updates.

## 5.10 Communications with stakeholders

- 5.10.1 The JPLs issued a Form 6-K with confirmation that on 1 December 2023, the JPLs furnished their Fifth Report to the Court. A copy of the Sixth Report is available on the Company's website which can be accessed here: [https://ir.globalcordbloodcorporation.com/static-files/GCBC\\_Report\\_1\\_December\\_2023.pdf](https://ir.globalcordbloodcorporation.com/static-files/GCBC_Report_1_December_2023.pdf)

- 5.10.2 The JPLs have also set-up a bespoke website that includes FAQs, the six reports to date and downloadable proof of debt forms. Stakeholders can access this website here:

<https://www.grantthornton.ca/en/service/advisory/creditor-updates/#Global-Cord-Blood-Corporation>

- 5.10.3 The Company's creditors and shareholders can contact the JPLs at [GCBCJPLs@uk.gt.com](mailto:GCBCJPLs@uk.gt.com). This email account is monitored regularly by the JPLs.

- 5.10.4 The JPLs are continuing their investigations in respect of the affairs of the Group and in that regard request shareholders to provide any information or records they may have in relation to the Company.

## 5.11 Investigations

- 5.11.1 Investigations into the affairs of the Company and its subsidiaries are ongoing and complex. Some matters being investigated are confidential and commercially sensitive. As detailed at earlier in this report, there are also ongoing proceedings which are subject to disclosure rules and codes of conduct in those jurisdictions. Accordingly, consistent with the JPLs' approach to date, this report omits commercially sensitive or confidential information that could prejudice the outcome of the Provisional Liquidation or any proceedings. The JPLs are therefore not able to disclose the full results of their investigations to date.

- 5.11.2 As the investigations progress and further steps are taken by the JPLs, the results of these investigations and actions taken with respect to them will be reported to stakeholders, but only where this would not prejudice the Company's interests (e.g. by potentially cutting-across any steps to bring proceedings or make recoveries). All comments, findings and observations herein resulting from the JPLs' investigative efforts to date are subject to further investigation and verification. Such further investigation is

contingent on the JPLs obtaining access to and examining of books and records, financial, banking, and communications data, as well as interviews of former management.



# 6 Funding and costs to 31 December 2023

## 6.1 Funding

- 6.1.1 It was apparent very early on in the JPLs' appointment that the Company's access to cash and the funding necessary to take appropriate steps to recover and secure the assets was significantly challenged. These circumstances imposed significant difficulty and pressure on the JPLs and service providers to undertake the steps necessary to protect and secure the Company's interest in circumstances where it has been stripped of its assets and cash put beyond the reach of the JPLs.
- 6.1.2 The expenses required to engage and co-ordinate both urgent and important workstreams to secure and control the assets across multiple jurisdictions are, and will continue to be, considerable. The JPLs' highest priority is securing and protecting the assets of the Company with the resources available.
- 6.1.3 Pursuant to the Order, the JPLs are able to exercise the power to raise and borrow money and grant securities therefor over the property of the Company. Accordingly, the JPLs have held, and are in, discussions with several parties who provide litigation and/or liquidation financing as well as the Company's stakeholders in order to seek funding for the liquidation. This includes a proposal that the Company issue additional GCBC shares to existing shareholders in exchange for cash consideration.
- 6.1.4 The JPLs have received some level of unsecured financing to date and would welcome expressions of interest from any other parties which can be sent to [GCBCJPLs@uk.gt.com](mailto:GCBCJPLs@uk.gt.com).
- 6.1.5 Any funding proposal which is acceptable to the JPLs will be the subject of an application to obtain sanction from the Court.

## 6.2 JPLs' Remuneration and Legal Costs

- 6.2.1 The costs of the liquidation (including the JPLs' professional fees and those of their instructed counsel) up to 31 December 2023, amount to US\$20.78 million as set out below:

Costs to Date	Total
	US\$'000
Liquidator's Fees & expenses	11,465
Legal Fees and expenses	9,315
<b>Total</b>	<b>20,780</b>

\*Time incurred from JPLs' appointment on 22 September 2022 to end of Q4 2023.

- 6.2.2 The costs outlined above represents approximately 1.54% of the total Group assets as per its latest annual report filed with the SEC for the year end 31 March 2022.

## 6.3 Fee approval

- 6.3.1 Approval of the above Liquidator's Fees and expenses will be sought in an upcoming meeting of contributories – as outlined above in §5.5.8 and §5.5.13 of our Sixth Report.

## 6.4 JPLs and support staff charge out rates

- 6.4.1 The JPLs and their staff are increasing their charge out rates by a minor margin as of 1 January 2024. This increase reflects the current level of risk taken by the JPLs since appointment, as is characterized by the JPLs only being paid less than 2.5% of their outstanding fees to date.

Title	Previous Rate	2024 Rate
Liquidator	930	930
Director	785	795
Senior Manager	670	680
Manager	560	570
Assistant Manager	495	555
Senior	390	410
Administration	230	240

- 6.4.2 The above reflects market standard rates and is in alignment with the Insolvency Practitioner Rules.
- 6.4.3 The JPLs will seek approval of the above rate increase from the Cayman Court at the next possible opportunity.

# 7 Next steps

## 7.1 Immediate next steps

7.1.1 The key areas of focus for the JPLs in the immediate term are as follows:

### **HK Proceedings**

7.1.2 Following a successful judgment being handed down in respect to the HK proceedings, the JPLs will continue taking steps to register interest and control of the HK Subsidiaries as well as finalising and enforcing cost orders against AC, TZ, Notake and Sonoe.<sup>3</sup>

### **PRC**

7.1.3 Safeguarding and obtain control over the key assets in the PRC as a matter of urgency and progressing the JPL's asset preservation proceedings begun in Beijing.

### **Maxcess Winding-up Petitions**

7.1.4 Preparing for the substantive 3-hour hearing on 15 April 2024.

### **Funding**

7.1.5 Negotiating and taking all necessary steps to obtain sufficient funding to enable the continued progress of the provisional liquidation.

### **Fee Application**

7.1.6 Calling for a meeting of contributories to approve the JPL's fees and disbursements for the period 22 September 2022 to 30 September 2023.

## 7.2 Strategy to 1 June 2024

7.2.1 The JPLs' over-arching strategy until 1 June 2024 remains similar to that stated in prior reports to date namely:

- a) Take all steps to obtain control of the PRC Subsidiaries and preserve the value of the Group.
- b) Identify, locate and secure, all assets of the Group.
- c) Identify and locate any institutions and/or individuals that may have precipitated any concealment, misappropriation and/or dilution of assets.
- d) Obtain such disclosure as necessary to trace the whereabouts of any assets transferred or paid away from the Company; and
- e) Take appropriate steps for cooperation in multiple jurisdictions with a view to secure and compel production of documents and protection of assets.

## 7.3 Reporting

7.3.1 The JPLs intend to continue reporting to the Court and stakeholders on a quarterly basis, or as necessary in the case of material developments, subject to any direction from the Court.



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Signed John Royle – Joint Provisional Liquidator of the Company

8 March 2024

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<sup>3</sup> Note that following the cut-off date of this report, on the 7<sup>th</sup> of March 2024, TZ, AC and PIML submitted notices of appeal of the HK Judgement to the JPLs and the HK Court.

Therefore, the JPL's immediate next steps will also involve defending an appeal of the HK Proceedings as necessary.

# Appendix A – Chronology of Key Events

## Chronology of Key Events (since the Sixth Report)

**16 – 21 November 2023:** The SMOH conducts various unannounced audits on Cordlife. These audits showed that Cordlife’s cryopreserved cord blood units had been exposed to temperatures above acceptable limits.

**30 November 2023:** The SMOH issues an announcement that Cordlife has been instructed to stop (for a period of 6 months) the collection, testing, processing and/or storage of any new cord blood and human tissues due to various operational issues that were identified following a complaint received from the public.

**27 December 2023:** Maxcess files further affidavits in response to the JPLs’ previous filings concerning, *inter alia*, various Know-Your-Customer processes that were conducted in regard to the Maxcess loans.

**16 January 2024:** Trading of Cordlife’s shares on the Singapore stock exchange is halted.

**8 February 2024:** The HK Court’s judgment in the HK Proceedings is handed down.

**9 February 2024:** The JPLs serve the HK Proceedings judgment on the HK Companies Registry.

**12 February 2024:** The JPLs published a 6-K on the SEC platform announcing the outcome of the HK Proceedings.

**16 February 2024:** The JPLs commenced proceedings against the HK Companies Register to, *inter alia*, remove unauthorised filings made for the HK Subsidiaries.

